
Office of the State Auditor

Agency: 095

Audit Report: 2001-2003 Independent Audit Report

Audit Number: 2003

Finding Number: 1

Finding: The State Auditor's Office (SAO) was not in compliance with RCW 43.09.050 (4). They did not notify the Attorney General in writing of the necessity to direct prosecution in the name of the state for all official delinquencies in relation to the assessment, collection, and payment of the revenue, against persons who possess public money or property and fail to pay or deliver the same, and against all debtors of the state.

Resolution/Status: SAO has included RCW 43.09.050(4) on a housekeeping amendment list for the future. In the distant past, SAO was the bill payer of the state and this statute relates to this historical role. Under RCW 43.88.160, the state Office of Financial Management has adopted through the *State Administrative & Accounting Manual* policies and procedures that all state agencies must follow in accounting for public resources. On a decentralized basis, state agencies are expected to have internal controls and policies and procedures in place for the timely assessment, collection and payment of revenue due the state. Under this model, agencies are better positioned to direct prosecutions in the name of the state.

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Finding Number: 2

Finding: The Auditing Services Revolving Account's (ASRA) working capital was 6.26 percent on June 30, 2003, not within the allowable 5 percent.

Resolution/Status: The State Auditor's Office (SAO) is working to establish a new Auditing Services Revolving Account (ASRA) billing process. The new process is expected to enable the SAO to keep maximum working capital within the allowable 5 percent.

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Finding Number: 3

Finding: The State Auditor's Office (SAO) did not audit non-governmental entities receiving state moneys or obtain modification of RCW 43.88.570.

Resolution/Status: SAO has not received the funding required to audit these entities. The SAO is pursuing dialog with the Office of Financial Management and Legislature about this law and a future course of action.

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Finding Number: 4

Finding: The State Auditor's Office (SAO) did not comply with competitive solicitation requirements.

Resolution/Status: SAO concurs with these conclusions. SAO centralized contract management and established a new contracting administrative policy and procedures in March 2003.

Regarding the staff assistance procurement, SAO did competitively solicit bids from three temporary service providers, but did not require sealed bids as required by General Administration (GA) purchasing requirements. All staff assistance contracts in the future will be procured through GA's professional contracting group.

These contracting issues are valuable in that they point to the need to enhance the newly adopted contracting administrative policy and procedures and to provide additional training.

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Finding Number: 5

Finding: The State Auditor's Office (SAO) did not properly classify revenue accruals between short and long term.

Resolution/Status: SAO concurs with this conclusion. As noted in finding #2, SAO is developing a new billing methodology to be implemented in the 2005-2007 biennium. This methodology will eliminate the need to accrue revenue.

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Finding Number: 6

Finding: The State Auditor's Office (SAO) did not train its employees on security procedures and standards.

Resolution/Status: SAO has a number of administrative policies that inform staff of IT security procedures and standards. New employees are required to read these policies and sign a form indicating that they have read them. Recently, the SAO received copies of a Security Awareness video produced by the state Department of Information Services. The video will be available to all workgroups as part of their IT security training, as detailed in a memo to managers on December 16, 2003. In addition, the SAO completed an on-line IT Security program in the first quarter of 2004. Staff will be required to complete the on-line training in September of each year and completion will be documented. The SAO will review the IT security program in July of each year and will make changes to the on-line training program based on the results of that review. In October of each year, the audit manager of the Statewide Technology Audit Team will be responsible for verifying that all staff has taken the training.

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